I. Long-pending reshuffle of Moroccan government now believed imminent. May involve replacement of moderate Premier Balafrej with more nationalistic Bouabid, or merely granting more cabinet posts to left wing of dominant Istiqlal party.

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- A. Ever since Balafrej government formed last May, left-wing has sought more power. (Left-wing leader Bouabid now is Vice Premier and Minister for Economy).
- B. Some factions of Istiqlal (moderates as well as left-wing) seek to limit King's powers, particularly direct control over army and security forces.

25X6

c. Kingstriving to retain maximum influence. Seeks creation
of rival political group, which Istiqlal thus far has prevented.

- II. To retain control, Balafrej has adopted neutralist (non-alignment, non-dependence) policy advocated by left wing. This includes seeking evacuation of all foreign troops--French, Spanish, US.
 - A. Moroccan-French negotiations in stalemate. French sought retention of four naval and air training bases. Now pulling out most ground forces without an agreement. (French forces now total 32,000: 15,000 Army; 13,000 Air; 4,000 Navy.)

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- B. Moroccan-Spanish military negotiations also in suspension.

 Spain also reducing ground forces. Retain some 17,000 in northern Morocco; 16,000 in enclaves of Ceuta and Melilla (held by Spain since 15th century); 6,000 in Ifni enclave.
- bases may not be used for strategic purposes; declares government would allow evacuation over two to three year period.

 Promises reply next Monday to promise formal indication of intent to evacuate.
 - 1. Both French and Spanish governments--resisting Moroccan demands for declarations regarding evacuation--awaiting outcome of American base negotiation.
- D. Evacuation theme now widely popular issue. Probably encouraged by UAR embassy personnel, who openly court Istiqlal left wing, students and labor groups. Theme also picked up by illegal Communist Party, which through its press distributed with tolerance if not acquiesence of government, endorses aims of left wing Istiqlal.